

Message Text

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C O N F I D E N T I A L STATE 014319

LIMDIS

E.O. 11652:GDS

TAGS: ETRD, EINV, AR, OVIP (GOMEZ MORALES)

SUBJECT: UNDER SECRETARY'S MEETING WITH ARGENTINE MINISTER
OF ECONOMY

1. IN CALL ON UNDER SECRETARY ROBINSON JANUARY 17 GOMEZ MORALES EXPRESSED CONCERN OVER THREAT WHICH COUNTER-VAILING DUTIES WOULD POSE TO ARGENTINE SHOE EXPORTS. GOMEZ MORALES SAID IF DUTIES IMPOSED BY TREASURY THEY WOULD RESULT IN CLOSING DOWN ARGENTINE INDUSTRIES AND DIFFICULT POLITICAL CONSEQUENCES. HE SAID IT WOULD APPEAR ARGENTINA BEING CASTIGATED MORE THAN OTHER SHOE EXPORTERS AND REQUESTED DEPARTMENT'S INTERCESSION. UNDER SECRETARY REPLIED U.S. MUST OPERATE WITHIN MANDATES OF U.S. LAW BUT HE WOULD ATTEMPT TO ASSURE THAT ALL CONSIDERATIONS WERE FULLY EVALUATED.

2. MINISTER THEN RAISED WHAT HE TERMED SUBJECTIVE AND UNJUST CLASSIFICATIONS OF ARGENTINA BY COMPTROLLER OF
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CURRENCY AND EX-IM BANK. HE SAID LOW CLASSIFICATIONS

GIVEN ARGENTINA WERE PREJUDICIAL IN ARRANGING CREDIT TERMS, INSURANCE RATES, EXTENT OF EXPOSURE, AND OTHER IMPORTANT TRANSACTIONS. HE BELIEVED AN OBJECTIVE CONSIDERATION OF ARGENTINE SITUATION WOULD RESULT IN A RECLASSIFICATION AND REQUESTED DEPARTMENT INTERVENE WITH EX-IM AND TREASURY TO REQUEST NEW EVALUATIONS. UNDER SECRETARY SAID HE WOULD BE PLEASED TO DISCUSS THIS WITH RESPONSIBLE AGENCIES. DURING THIS DISCUSSION, MINISTER STATED GOA CAMPAIGN AGAINST TERRORISTS INCREASINGLY EFFECTIVE.

3. THERE FOLLOWED DISCUSSION OF PROBLEMS FACED BY U.S. INVESTORS IN ARGENTINA. UNDER SECRETARY SAID WE WERE INTERESTED MAINLY IN PRINCIPLES NOT IN ASPECTS OF SUCH SPECIFIC CASES AS CHASE MANHATTAN, EXXON, ITT AND DELTEC. GOMEZ MORALES SAID HE MAINTAINED EXCELLENT CONTACTS WITH AMBASSADOR HILL AND EMBASSY STAFF ON THESE PROBLEMS. HE ALSO SAID HE IN CLOSE DIALOGUE WITH COMPANIES INVOLVED AND CONFIDENT MUTUALLY SATISFACTORY SOLUTIONS COULD BE REACHED. MINISTER SAID ARGENTINA HAD NO GENERAL POLICY OF NATIONALIZATION. IN SOME FIELDS GOA BELIEVED MIXED COMPANIES WERE MOST DESIRABLE MEANS FOR ASSURING TECHNOLOGY AND INVESTMENT TO MEET ARGENTINA'S NEEDS. ARGENTINA DOES NOT DESIRE TO EXPAND STATE CONTROLLED SECTOR -- IN FACT WOULD LIKE TO BE ABLE TO GO IN OPPOSITE DIRECTION. UNDER SECRETARY COMMENTED THAT A FORTHCOMING ATTITUDE WOULD FACILITATE FLOW OF CAPITAL AND TECHNOLOGY TO SERVE ARGENTINA'S ECONOMIC AND SOCIAL DEVELOPMENT GOALS.

4. MINISTER ENDED MEETING BY EXPRESSING HOPE U.S. WOULD SHOW FLEXIBILITY IN IMPLEMENTING NEW TRADE REFORM ACT WHICH OTHERWISE COULD HAVE ADVERSE EFFECTS IN LATIN AMERICA.

5. ATMOSPHERE OF MEETING EXTREMELY CORDIAL. FULL MEMCON FOLLOWS BY POUCH. KISSINGER

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